

**CALENDAR ITEM  
C51**

A 25, 29, 31

04/06/10  
PRC 3650.1  
J. L. Smith

S 14, 16

**CONSIDER ACCEPTANCE OF FULL QUITCLAIM DEEDS OF  
COMPENSATORY AGREEMENT PRC 3650.1,  
GILL RANCH GAS FIELD,  
FRESNO AND MADERA COUNTIES**

**LESSEES:**

Vern Jones Oil & Gas Corporation  
Attn.: Ms. Kimberly A. Lopez  
2981 Gold Canal Drive  
Rancho Cordova, CA 95670

Estate of Daniel L. Pickrell  
Attn: Ms. Lornaa Pickell, Trustee  
336 Bon Air Center, #503  
Greenbrae, CA 94904

**AREA, LAND TYPE AND LOCATION:**

The California State Lands Commission (Commission) entered into Compensatory Agreement PRC 3650.1 (Agreement PRC 3650.1) to receive compensation from wells draining natural gas from State sovereign lands (a portion of the San Joaquin River) within the Gill Ranch Gas Field. The State lands are located about twenty miles west of the City of Fresno in Sections 21 and 22, T13S, R16E, MDB&M, Fresno and Madera Counties.

**BACKGROUND:**

Agreement PRC 3650.1 was originally issued by the Commission to Shell Oil Company on October 27, 1966. Agreement PRC 3650.1, dated November 28, 1966, does not allow for any surface or subsurface use of State lands nor does it allow for any mineral development of or entitlement to State lands. Vern Jones Oil & Gas Corporation (Vern Jones) and Daniel L. Pickrell (Pickrell) are the successors in interest to Shell Oil Company. Vern Jones is the operator of record. Production ceased from the wells that gave rise to the drainage in 1996, and the wells have since been abandoned.

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The Commission's Long Beach office staff has received two documents entitled Quitclaim of Compensatory Agreement PRC 3650.1 (attached hereto as Exhibit B). One document is dated January 13, 2010 and is signed by Vern Jones, and the other document is dated February 3, 2010 and signed by the trustee of the estate of Pickrell. Collectively, both documents release, remise and forever quitclaim unto the State, all right, title and interest in and to Agreement PRC 3650.1.

**STATUTORY AND OTHER REFERENCES:**

- A. California Public Resources Code section 6804.1
- B. Paragraph 6 of Agreement PRC 3650.1.

**OTHER PERTINENT INFORMATION**

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060a(c)(3)], the staff has determined that this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15060(c)(3) and 15378.

**EXHIBITS:**

- A. Location Map
- B. Quitclaims of Compensatory Agreement PRC 3650.1

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**RECOMMEND ACTION:**

It is recommended that the Commission:

**CEQA FINDINGS:**

- 1. Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

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**AUTHORIZATION:**

1. Accept the documents entitled Quitclaim of Compensatory Agreement PRC 3650.1, one document signed by Vern Jones Oil & Gas Corporation dated January 13, 2010, and the other document signed by Lornaa Pickrell, trustee for the estate of Daniel L. Pickrell dated February 3, 2010. Collectively, both documents release, remise and forever quitclaim unto the State, all right, title and interest in and to Agreement PRC 3650.1.
2. Terminate Compensatory Agreement PRC 3650.1.
3. Authorize the Executive Officer or his designee to execute any documents necessary to implement the Commission's action.